

# FIRST UNION RAIL

One O'Hare Centre  
6250 River Road, Suite 5000  
Rosemont, IL 60018

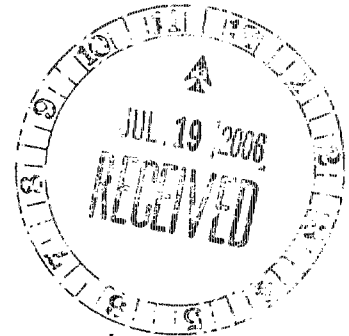
Tel 847.318.7575  
Fax 847.318.7588

RECORDATION NO. 26463 FILED

JUL 19 '06

3-27 PM

SURFACE TRANSPORTATION BOARD



VIA UPS 2<sup>nd</sup> DAY AIR

July 17, 2006

Mr. Vernon E. Williams  
Surface Transportation Board  
1925 K Street, N.W., Room 704  
Washington, DC 20423-0001  
Attn: Recordation of Railroad Equipment

**Re: Memorandum of Lease Agreement**

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement, dated June 27, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation  
One O'Hare Center  
6250 River Road, Suite 5000  
Rosemont, IL 60018

Lessee: Modesto and Empire Traction Company  
530 Eleventh Street  
Modesto, CA 95353

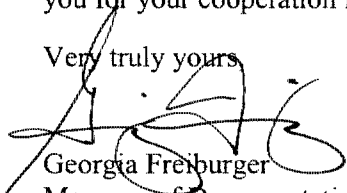
A description of the railroad equipment covered by the enclosed document is forty-four (44) 60 ft. Plate C, insulated boxcars, with NOKL marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,

  
Georgia Freiburger  
Manager of Documentation

Enclosures  
(MET001)

ASSGN. NO.: MET001

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 27<sup>th</sup> day of June, 2006, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Modesto And Empire Traction Company ("Lessee"), a California corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of June 27, 2006, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of February 15, 2005, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By:

Name:

RICHARD F. SEYMOUR

VICE PRESIDENT SALES & MARKETING

By:

Name:

SUSAN GLOKULSKY

Title:

MGR. OF DOCUMENTATION

Executed on this

27<sup>th</sup>

day of

June, 2006.

[CORPORATE SEAL]

RECORDATION NO.

26463

FILED

STATE OF

ILLINOIS

COUNTY OF

COOK

JUL 19 '06

3-27 PM

SURFACE TRANSPORTATION BOARD

I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

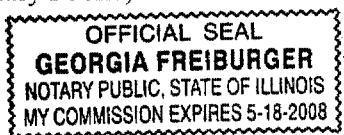
WITNESS my hand and official stamp or seal, this 27<sup>th</sup> day of June, 2006.

Notary Public

My Commission Expires:

5-2008

(Notary Public)



LESSOR:

MODESTO AND EMPIRE TRACTION COMPANY

ATTEST:

By: Tom L. Nielsen

Name: Tom L Nielsen

By: \_\_\_\_\_

Title: Vice President

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Executed on this 30th day of May, 2006.

[CORPORATE SEAL]



STATE OF California

COUNTY OF Stanislaus

I, Theresa K Cooper, a Notary Public of the County and State aforesaid, certify that Tom L Nielsen personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 30th day of May, 2006.

Theresa K Cooper  
Notary Public

Commission Expires:

6/5/2009  
(Notary Public)

**EXHIBIT A**  
**to**  
**MEMORANDUM OF LEASE**

- I.      NUMBER OF CARS:                      Forty-four (44)
  
- II.     DESCRIPTION OF CARS:              60-foot, 268,000 pound capacity, single plug door, cushioned,  
Plate C, insulated boxcars, 44 with movable interior bulkheads, 3  
without movable bulkheads built in 1967, rebuilt in 1987
  
- III.    CAR NUMBERS:                        NOKL 680000-series, car numbers to be determined.